



# Supplier Relationship Management What's In It for ME?

**Cidna Unger**

Supplier Relationship Manager

Division of Purchases and Supply



The 3Cs:

**Communication**

**Collaboration**

**Commitment**

*And Beyond*

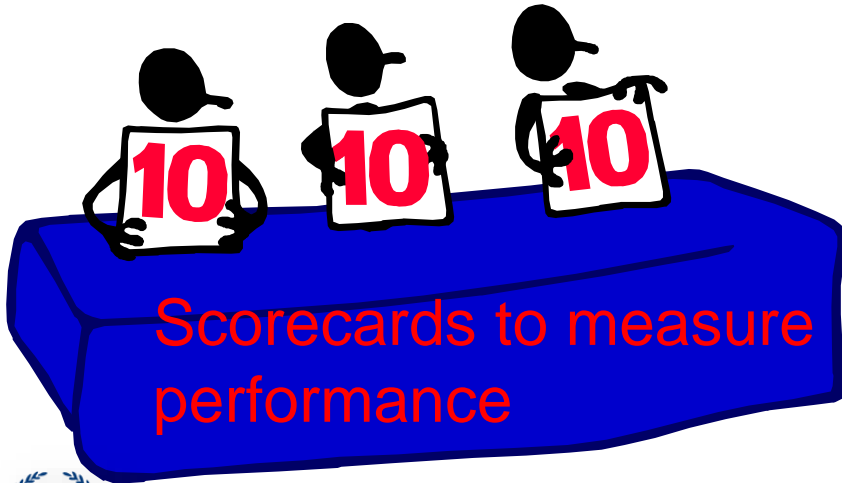


Your participation in an effective SRM program is just one of the ways a supply chain group can move from a “reactive, tactical” role within an organization to a “proactive, strategic” role that is more centric to the organization’s goals.

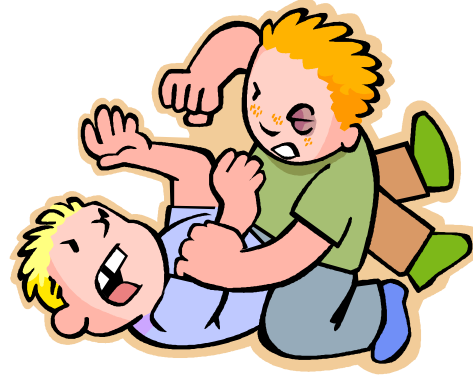
# When you think or hear SRM?



Contract compliance to ensure you get what you pay for



Scorecards to measure performance



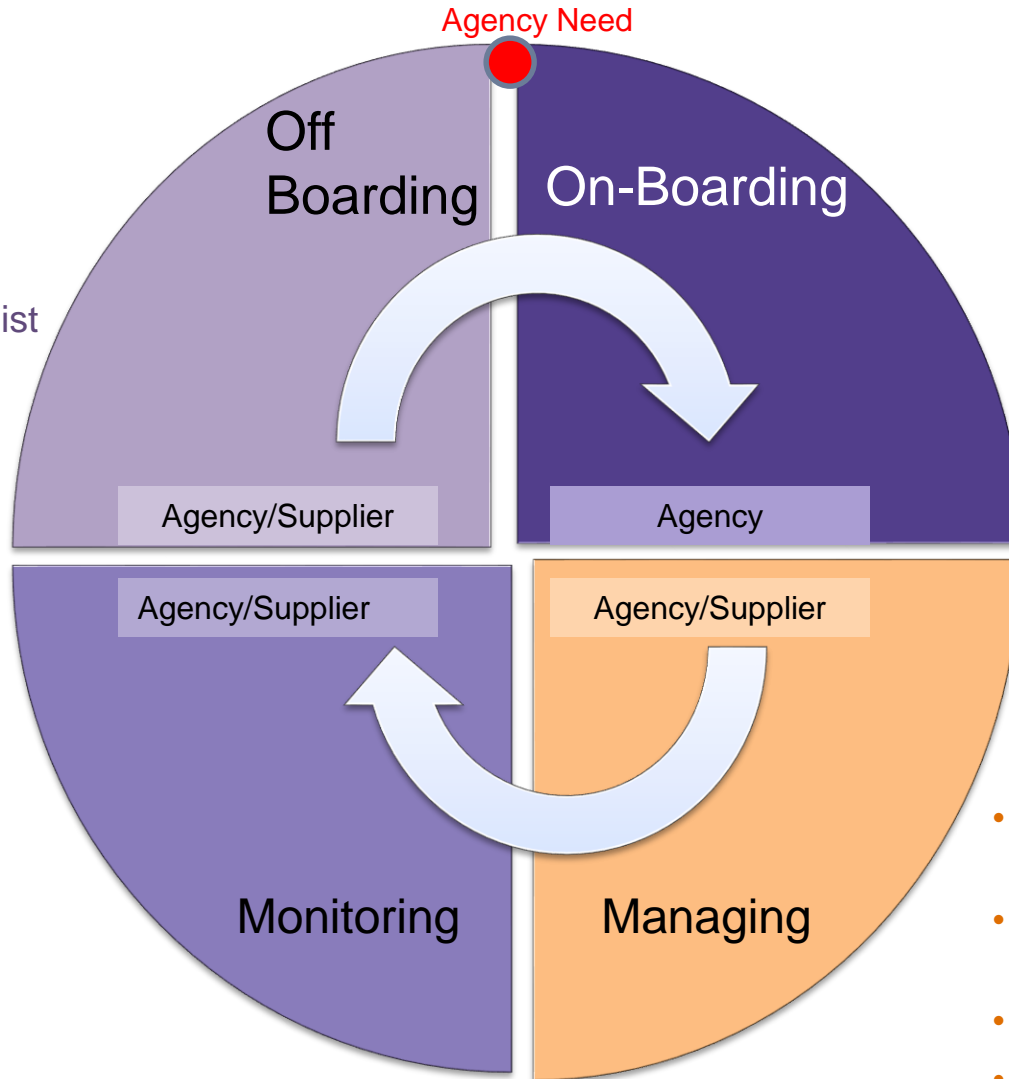
Beat up the supplier for a better price



Roll out the contract, then stuff it in a drawer and "forget about it"

# Four-Phase Supplier Lifecycle Management

- Business/Supplier Separation
- Final Evaluation
- Supplier Survey
- Exit Process/Checklist
- Contract Loop



- Idea Project Pool
- Scope Project Opportunity
- Quantify Project Opportunity and ID Possible Solutions
- Analyze/Assess Supplier Proposals
- Due Diligence
- Contracting/Award
- Project Close Out

- Supplier Spend Analysis
- Supplier Risk Portfolio
- Struggling Supplier Monitoring
- Supplier Audit
- Contract Expiration Updates

- Supplier Performance Review (CA)
- Supplier Escalation (Compliance)
- Cross-Agency Council
- **SRM Training**
- Strategic Supplier Review



# Supplier Relationship Management

Happy Buyer!



Happy Supplier!





# Supplier Relationship Management – 3 C's

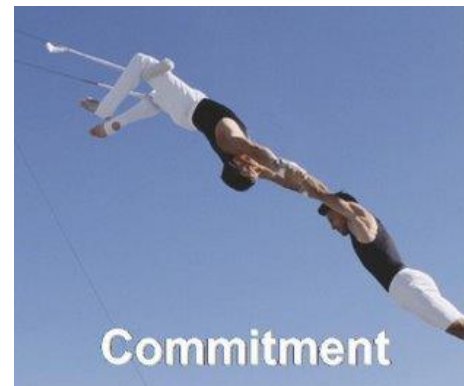
## ❖ Communication



## ❖ Collaboration



## ❖ Commitment



# Supplier Relationship Management – 3 C's

## ❖ Communication

- ❖ Increased efficiency – expectations are known and realized
- ❖ Cost savings:
  - ❖ Negotiated Savings
  - ❖ Reduce occurrence of compliance issues and re-solicitations
  - ❖ Savings from new processes/methodologies from supplier recommendations
- ❖ Follow-up
  - ❖ Periodic meetings to review performance and expectations
  - ❖ Red Flags are waving! Help get the contract back on track
  - ❖ Thanks for a job well done!





# Supplier Relationship Management – 3 C's

## ❖ Collaboration

- ❖ Maximize supplier value and opportunity
  - ❖ Share cost efficiencies through supplier-driven technologies or methodologies
- ❖ Gain access to new technology, spark new ideas
- ❖ Work with supplier on issues that may be hindering them from fulfilling a project or contract
- ❖ Emotional engagement with supplier
  - ❖ Gained through open communication and commitment



# Supplier Relationship Management – 3 C's

## ❖ Commitment

### ❖ Supplier Development

- ❖ Use of SWaM suppliers that may be new to doing business with your organization
  - ❖ May include operational, academic or emotional support
  - ❖ These activities help supplier feel respected and valued

### ❖ Commit to Listening to Supplier Feedback

- ❖ May lead to you being a “Customer-of-Choice”
- ❖ You receive their best people on projects
- ❖ You go to the head of the line when product is in short supply; You get the supplier's most talented personnel
- ❖ “Preferred Customer” status
- ❖ Committed to mutual benefit and gain through a trusted relationship



# Supplier Relationship Management – Beyond the 3 C's

- D – I – E-ing to get it right!
- Final 3 SRM principles
  - Due Diligence
    - Making sure WE get it right when awarding business
  - Innovation
    - Supply base gets it right through innovation
  - Engagement
    - Work together to ensure we BOTH get it right



# Supplier Relationship Management

## D.I.E.-ing to Get it Right

### **D**ue **D**iligence is:

the process of performing an investigation before a contract is signed by

- a series of questions, sometimes answered by completing forms and sometimes answered through the course of an interview
- Research into the operational/financial/security risk of strategic partners and performance history of tactical partners



# Supplier Relationship Management D.I.E.-ing to Get it Right

## **D**ue Diligence resources for performance

- Start with your compliance group
- Peers
- Internet – be aware not everything on the internet is true!
- Don't forget those References you requested!



# Supplier Relationship Management D.I.E.-ing to Get it Right

## Innovation

*Procurement must start looking to suppliers for inspiration and new capability, stop prescribing specifications and start tapping into the expertise of suppliers,” [writes David Rae in Procurement Leaders](#).*

Your Director of Procurement expects it of your Procurement Managers, and your Procurement Manager expects it of you.



# Supplier Relationship Management D.I.E.-ing to Get it Right

## **Innovation – what?**

- ☐ We should be constantly pushing our suppliers for innovative ideas - for new products, for better ways to develop products already on the drawing board, even for new processes that can streamline the way procurement and the suppliers can work together.
- ☐ Cost savings!!!





# Supplier Relationship Management

## D.I.E.-ing to Get it Right

### **Innovation – why?**

- ☐ For new products, for better ways to develop products already on the drawing board
- ☐ New processes that can streamline the way procurement and the suppliers can work together
- ☐ “Innovate” your processes to reduce cycle time (solicitations, negotiations, contract management)
- ☐ Cost savings!!!



# Supplier Relationship Management D.I.E.-ing to Get it Right

## **I**nnovation – how?

- ☐ Visit Supplier Expos to find what is new and available
- ☐ Use best practices to “innovate” your processes to reduce cycle time (solicitations, negotiations, contract management)
- ☐ Encourage it through collaboration (sound familiar?)
- ☐ Win their trust (stakeholders and suppliers)



# Supplier Relationship Management D.I.E.-ing to Get it Right

## **Innovation – who?**

- ❑ Major source for innovative ideas is the stakeholders that procurement serves
- ❑ There is no reason why procurement can't set the stage, it's possible to be an instigator of innovation!
- ❑ Roles change - Innovation can come from anywhere, from R&D, internal customers, marketing, sales, end users



# Supplier Relationship Management

## D.I.E.-ing to Get it Right

**Engage** - The need for supplier engagement in procurement is greater than ever

- ❑ You're probably not realizing the full collective power of your supplier relationships!
- ❑ Engagement comes in more than one flavor
  - ❑ Not just suppliers, but internal customers and end users as well
  - ❑ Professional organizations to find best practices, co-op contracts



# Supplier Relationship Management

## D.I.E.-ing to Get it Right

**Engage** - The need for supplier engagement in procurement is greater than ever

- ☐ Don't forget –
  - ☐ Suppliers get to choose their customers, too
  - ☐ Suppliers can help simplify operations
  - ☐ Leverage the wisdom of your suppliers
  - ☐ Leverage the wisdom of your peers
  - ☐ **Remember that there's something in it for you as well**
    - ☐ Build strategic procurement skill sets



# Supplier Relationship Management – It Is Effective

- Data of Procurement Complaint Forms Received between 2015 thru June 2018
  - 2015-2016      5%      ↓
  - 2016-2017      29%      ↓
  - 2017-2018 (June)      54%      ↓



# The Beginning of SRM— Begins with You

- Relationships are the future!
- Suppliers are people too!
- Talk with your suppliers – establish that emotional engagement
- Future of SRM
  - As contracts become more complicated, engage your suppliers for new innovations/processes
  - **Start with the desired outcome and work backwards, engage your supplier**
  - Attend my next session for more SRM tools: The Vendor's Manual!





# Questions?

